

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
HA-05 COME-00 EB-08 LAB-04 SIL-01 /086 W  
-----017840 041502Z /53  
R 032117Z MAY 78  
FM AMEMBASSY SANTIAGO  
TO SECSTATE WASHDC 9096

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E.O. 11652: N/A  
TAGS: ELAB, SHUM, CI, PINT  
SUBJ: MAY DAY 1978 -- GOC HAS COMPETITION FOR FIRST TIME SINCE COUP

REFS: (A) SANTIAGO 3601 B) SANTIAGO 3207 (C) SANTIAGSO 3261

1. SUMMARY: THE GOC'S OFFICIAL MAY DAY CELEBRATION AT DIEGO PORTALES FEATURED THE SIGNING OF THE FIRST PART OF THE NEW LABOR CODE AND A DECREE ESTABLISHING THE LABOR COUNCIL AND PUBLIC ASSURANCE THAT THE RIGHT TO BARGAIN COLLECTIVELY (BUT NOT STRIKE) WILL BE RESTORED. DECOCRATIC AND COMMUNIST TRADE UNIONISTS ATTEMPTED TO HOLD THEIR OWN RALLY, FOR WHICH SOME 600 WERE ARRESTED AND BRIEFLY DETAINED. APPROXIMATELY 30 FOREIGN TRADE UNION LEADERS, MANY INVITED OR FINANCED BY THE CUT-IN EXILE, ATTENDED THE OPPOSITION RALLY. IN RESPONSE TO A GOC REQUEST, THE CATHOLIC CHURCH DID NOT HOLD A MASS THIS YEAR, BUT ARCHBISHOP SILVA ISSUED A MESSAGE STRONGLY CRITICAL OF GOVERNMENT DENIAL OF TRADE UNION RIGHTS. THE GOC IS CLEARLY HAVING SOME TROUBLE KEEPING LABOR QUIET IN THE FACE OF LIBERALIZING MEASURES ELSEWHERE. BUT IT IS NOT YET WILLING TO GO VERY FAR OR FAST IN RE-STORING TRADE UNION FREEDOMS; AND IT MAY SEEK TO USE THE EVIDENCE OF DEMOCRATIC/COMMUNIST COOPERATION AND THE PRESENCE OF FOREIGN LEADERS AS A PRETEXT TO CONTINUE

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THE CRACKDOWN ON THE "DINAMICOS". END SUMMARY.

2. THE GOVERNMENT SHOW. IN WHAT IS NOW BECOMING PART OF THE NEW CHILEAN SCENE, THE GOVERNMENT ORGANIZED AN IMPRESSIVE MEETING OF CHILEAN WORKERS AND GOVERNMENT AND FOREIGN DIGNITARIES (INCLUDING A HONDURAN TRADE UNION DELEGATION) TO CELEBRATE MAY DAY. GUILLERMO MEDINA, REPRESENTING THE

WORKERS, GAVE A LONG SPEECH PRAISING THE GOVERNMENT AND REQUESTING BETTER CONDITIONS FOR THE CHILEAN WORKING MAN. ECHOING MANY OF THE GOC'S OWN PROPOSALS, MEDINA CALLED FOR A CONSTITUTIONAL PROHIBITION AGAINST UNION LEADERS BELONGING TO POLITICAL PARTIES, PROMPT ACTION ON A PENSION REFORM LAW, MOVEMENT TOWARD REESTABLISHING COLLECTIVE BARGAINING, REPEAL OF THE LAW REGULATING BUSINESS HOURS, AND PARTICIPATION BY LABOR IN DECISIONS OF THE GOVERNMENT.

3. MINISTER OF LABOR VASCO COSTA SPOKE ABOUT THE SUCCESS OF THE GOVERNMENT DURING THE PAST YEAR. HE SAID THAT REAL WAGES HAD RISEN 25 PERCENT DURING 1977. HE ADDED THAT SOME 48,000 JOBS WERE CREATED UNDER A 1975 LAW WHICH GIVES A TAX REBATE FOR JOB CREATION AND NOTED THAT SOME 55,000 WORKERS HAD BEEN TRAINED BY THE GOVERNMENT IN THE PAST 15 MONTHS. COSTA SAID THAT IT WAS THE POLICY OF THE GOVERNMENT TO RETURN TO COLLECTIVE BARGAINING, BUT WITHOUT STRIKES, AND APPROPRIATE RULES WERE CURRENTLY BEING DRAWN UP TO ESTABLISH A SYSTEM OF COMPULSORY ARBITRATION. HE SAID THAT IF ECONOMIC PROGRESS PERMITS, COLLECTIVE BARGAINING COULD BE REESTABLISHED WITHIN A SHORT PERIOD. COSTA ALSO EXPLAINED THAT THE 31 MAN LABOR COUNCIL WOULD CONTAIN 15 BUSINESS AND 15 LABOR REPRESENTATIVES AND BE CHAIRED BY THE MINISTER OF LABOR. THE MEMBERS WOULD BE APPOINTED FROM NOMINATIONS SUPPLIED BY THE BUSINESS AND LABOR GROUPS. HE THEN INTRODUCED THE PRESIDENT FOR THE LIMITED OFFICIAL USE

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RITUAL SIGNING INTO LAW OF THE FIRST BOOK OF THE NEW LABOR CODE. THIS BOOK REGULATES INDIVIDUAL CONTRACTS AND ON-THE-JOB HEALTH AND SAFETY.

4. COMPETITION. MEANWHILE, ANDESTIMATED 3-4,000 WORKERS TRIED TO GATHER IN A PUBLIC PARK IN DOWNTOWN SANTIAGO IN DEFIANCE OF THE GOVERNMENT'S BAN ON ALL NON-GOVERNMENT MAY DAY CELEBRATIONS. THE SEPARATE RALLY HAD BEEN REQUESTED BY A GROUP OF DEMOCRATIC AND COMMUNIST LEADERS. WHEN THE GOC SAID NO, THE ORGANIZERS SAID THEY WOULD HAVE TO HAVE PEOPLE AT THE PARK TO COMMUNICATE TO RANK AND FILE THAT THE EVENT HAD BEEN CANCELLED. SUBSEQUENTLY THE SEVEN MAN ORGANIZING COMMITTEE, INCLUDING ONE COMMUNIST, DECIDED TO GO AHEAD WITH THE RALLY. THE PRESENCE OF SOME THIRTY INTERNATIONAL LABOR LEADERS FROM THE UNITED STATES, THE UK, FINLAND, HOLLAND, COLOMBIA, COSTA RICA, ITALY, AND FRANCE PROBABLY HELPED STIFFEN THEIR RESOLVE. (COMMENT: THE US REPRESENTATIVE WAS MARYANN MAHAFFEY, VICE-PRESIDENT OF THE DETROIT CITY COUNCIL AND PAST PRESIDENT OF THE NATIONAL ASSOCIATION OF SOCIAL WORKERS).

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5. AS PEOPLE BEGAN ARRIVING IN THE PARK, UNIFORMED CARABINEROS EFFICIENTLY DISPERSED THEM. HOWEVER, SEVERAL GROUPS REGATHERED AND BEGAN ARRIVING IN THE PARK AT A FASTE TEMPO. AT THIS POINT THE CARABINEROS STARTED TO ARREST THE DEMONSTRATORS. SOME TWO HUNDRED FLED TO A NEARBY LOT NEXT TO A CHURCH AND WERE UNCEREMONIOUSLY WHISKED INTO AWAITING POLICE VANS. OTHERS ENTERED THE CHURCH OF SAN FRANCISCO DURING MASS. THE CARABINEROS REMAINED OUTSIDE. IN THE CHURCH, EDUARDO RIOS, PRESIDENT OF THE MARITIME WORKERS, MADE A SPEECH CONDEMNING THE GOVERNMENT HARASSMENT OF TRADE UNIONS AND WELCOMING THE PARTICIPATION OF INTERNATIONAL TRADE UNION DELEGATIONS FROM LATIN AMERICA, EUROPE AND THE UNITED STATES IN THE INDEPENDENT CEREMONY. AFTER THE SPEECH, RIOS AND OTHER DEMOCRATIC TRADE UNION LEADERS LED THE GROUP OUTSIDE. THE POLICE TOOK NO FURTHER ACTION AGAINST THEM. HOWEVER, "DINAMICOS" ERNESTO VOGEL, PRESIDENT OF THE RAILROAD WORKERS, AND MANUAL BUSTOS, PRESIDENT OF TEXTILE SUMAR, WERE EARLIER ARRESTED AND BOOKED BY BOTH THE CARABINEROS AND THE SECURITY SERVICE (CNI). VOGEL BELIEVES THAT THE GOVERNMENT MAY USE THIS PRESENCE AT THE BANNED RALLY AS A LEGAL MEANS TO REMOVE HIM FROM HIS JOB AND UNION POSITION.

6. THE CHURCH. THE CATHOLIC CHURCH HAD CANCELLED ITS  
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TRADITIONAL ST. JOSEPH THE WORKER SERVICE IN THE CATHEDRAL AT THE REQUEST OF THE GOVERNMENT. SMALLER SERVICES IN LOCAL CHURCHES WERE PERMITTED. HOWEVER, CARDINAL SILVA IN A RECORDED MESSAGE CRITICIZED THE GOC PROPOSALS FOR REDUCING UNEMPLOYMENT BECAUSE THEY INVOLVE A LOSS OF RIGHTS PREVIOUSLY ACHIEVED BY LABOR. SILVA SAID THAT THE EXPERIENCE OF THE CHURCH SHOWS THAT NATIONAL SECURITY AND SOCIAL PEACE ARE BEST GUARANTEED WHEN THE WORKING PEOPLE FEEL SECURE IN THEIR RIGHTS.

7. COMMENT. ALTHOUGH BASIC TRADE UNION RIGHTS IN CHILE STILL DO NOT EXIST, MAY DAY 1978 HAD SOME POSITIVE ASPECTS BY COMPARISON WITH PREVIOUS YEARS. THE GOC IS FINALLY COMING FORWARD WITH LONG-PROMISED LEGISLATION. WE WILL WANT TO WITHHOLD JUDGMENT ON THE FIRST PART OF THE LABOR CODE UNTIL ALL PARTIES HAVE HAD A CHANCE TO STUDY IT, BUT EVEN CRITICS ARE NOT OVERLY PESSIMISTIC. THE LABOR COUNCIL ON THE OTHER HAND IS PROBABLY OF DUBIOUS VALUE. IT IS LIKELY TO BE EITHER IGNORED OR SERVE MAINLY AS WINDOW DRESSING. LABOR MINISTER COSTA'S COMMENTS ON COLLECTIVE BARGAINING MAKE A RETURN TO THAT BASIC RIGHT SOUND SOMEWHAT NEARER THAN ANY PREVIOUS OFFICIAL STATEMENTS. WHILE COSTA DID NOT MENTION OTHER BASIC RIGHTS, INTERIOR MINISTER (AND EX-LABOR MINISTER) SERGIO FERNANDEZ TOLD FOREIGN NEWS-MEN MAY 2 THAT REESTABLISHMENT OF THE RIGHTS TO MEET AND TO ELECT LEADERS WOULD FOLLOW LATER. HOWEVER THE GOC IS STILL NOT WILLING TO CONTEMPLATE RESTORATION OF THE RIGHT TO STRIKE.

8. THE COORDINATION BETWEEN THE COMMUNISTS AND THE DEMOCRATIC TRADE UNION LEADERS IS LIKELY TO BE USED BY THE GOC AS ADDITIONAL GROUNDS FOR DISCREDITING THE LATTER. DISTINCTIONS BETWEEN THE TWO WILL BE FURTHER BLURRED BY LIMITED OFFICIAL USE

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THE CUT-IN-EXILE'S ROLE IN INVITING AND PERHAPS FINANCING MOST OF THE FOREIGN TRADE UNIONISTS. ALREADY THE GOC HAS BEGUN TO PLAY UP A "FOREIGN INTERVENTION" THEME AND MINISTER OF LABOR COSTA FOLLOWED THE ESTABLISHED GOVERNMENT LINE BY CONDEMNING GROUPS WHICH LOOK TO OUTSIDE SUPPORT.

9. THIS IS THE FIRST TIME THAT ANY SIGNIFICANT GROUP, HAVING REQUESTED AND BEEN DENIED PERMISSION TO HOLD A MEETING, IGNORED THE BAN. MANY GOT BRIBED AND ARRESTED (BUT NO WORSE) AS A RESULT, BUT THE CHALLENGE ITSELF IS SYMPTOMATIC OF AN INTERNAL POLITICAL SITUATION IN WHICH CRITICS ARE BECOMING LESS INTIMIDATED.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PUBLIC DEMONSTRATIONS, MAY DAY, LABOR UNIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 SANTIAGO 3601, 78 SANTIAGO 3207, 78 SANTIAGO 3261  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
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**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2803318  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MAY DAY 1978 -- GOC HAS COMPETITION FOR FIRST TIME SINCE COUP  
**TAGS:** ELAB, SHUM, PINT, CI  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbs://SAS/SAS.dbo.SAS\_Docs/b62c23a5-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014